

Testimony of Judson McBrine, Head of School, Washington Academy, Member, Maine
Association of Independent Schools

In Opposition to

LD 438, An Act to Allow Municipalities to Limit Nonprofit Property Tax Exemptions, and
LD 1795, An Act to Change the Calculation for Municipal Service Charges for Tax-exempt
Organizations

Joint Standing Committee on Taxation

May 6, 2025

Senator Grohoski, Representative Cloutier, and the Member of the Taxation Committee, my name is Judson McBrine, and I am the Head of School for Washington Academy, in East Machias. I am also here today on behalf of the Maine Association of Independent Schools (MAIS), testifying in opposition to LDs 438 and 1795.

MAIS's 23 members are a diverse group of educational institutions, including Maine's earliest secondary school (Berwick Academy) dating to the 18th century with charters signed by Governor John Hancock, as well as much newer schools, schools with varied missions, schools which serve primarily public-tuition students, and one sectarian school. MAIS schools educate about 9000 students in pre-K through Grade 12, with 4600 publicly funded and 4400 privately funded. What all MAIS schools have in common is their accreditation by the New England Association of Schools and Colleges.

I have been the Head of School at Washington Academy for __ years, and Washington Academy has been serving rural Washington County for 230 years since 1792. Washington Academy now includes over 350 day students and 90 residential students from 15 countries, bringing welcome diversity to our corner of Maine.

LD 1795 purports to be about service charges, but in our view the bill is not about service charges. Our schools do not oppose paying service charges and most do. But service charges must be levied on all users of a service in the same manner. Instead, LD 1795 would in effect allow municipalities to tax up to 20% of the assessed value of the currently exempt property of our schools.

If municipalities are permitted to, in effect tax, our schools, we will have to find the revenue to pay those taxes, thus eroding our ability to provide quality education. For our town academies, of which Washington Academy is one, the maximum allowable tuition ("MAT") received from the state is less than the average per-pupil cost of actually providing an education for the Maine students attending our schools. Thus, the balance of the cost of educating our students comes from local fundraising, full-pay students, and small endowments. In the case of these town academies, we would end up in the ironic situation where our host municipality is taxing a school that functions much like a public school, but is technically an independent, non-profit.

This would put our schools at a competitive disadvantage to public schools, which of course, are not taxed.

Finally, the benefits that our schools provide to our communities vastly outweigh the need for municipalities to be able to tax our schools. Our schools subsidize the education costs of local children, provide community centers for any number of activities, including the arts and athletics, and act as the cultural hub of our communities. Finally, our schools are economic drivers for our municipalities, creating jobs, attracting talent, and utilizing many local vendors.

If municipalities want to collect service charges from Maine's charitable non-profits, including our schools, they may do so under current law – for example for sewer and water. However, they may not apply them so broadly they in effect become taxes.

Please oppose LDs 438 and 1795.